

The Trend in Finance

Rise in Shares Represents Attempt to Discount Further Improvement in Business; The Reparations Adjustment

STRENGTH of the higher priced stocks of a quasi-investment character suggested further switching from bonds to shares by individuals seeking a higher income yield. The willingness to make this kind of change was linked with a belief that the recovery in business will continue, and that soundly managed corporations will be able to pay dividends out of earnings.

Against the continuation of strikes, the theory of approaching prosperity stood out as a conspicuous offset, and the sweep of prices upward in an orderly manner proceeded. Minor movements, irregular in their character, marked a response to the immediate news of the day, which, in regard to the domestic labor situation and the European economic muddle, fluctuated widely in character and often created an impulse to sell.

Large grain crops in prospect and advancing prices and in some instances wages were indices which tended to reassure speculators for the rise. A survey of conditions in more than a score of American cities, published in The Tribune yesterday, revealed high hopes for better trade in the autumn.

The arrangement whereby Germany is permitted to substitute for cash payments on reparation account during the remainder of the year six-months treasury bills represents merely the financial problems of Europe. It cannot be regarded in any sense as a compromise settlement, because it is a compromise that merely postpones the reckoning and settles nothing. Its value as a temporary expedient is derived from two considerations:

First, the series of negotiations between the Allies had reached an impasse where a constructive decision, if agreement for the long run was possible at all, was almost beyond the scope of attainment; and, second, the arrangement allows a limited further period for the reordering of German internal finances and for the development of a more conciliatory attitude. The situation as it stood was that Germany could not meet the scheduled payments and at the same time procure from abroad the food essential to the life of her population, while because of political exigencies and, to a degree, popular sentiment France could not accede to a moratorium without greater assurances than Germany was prepared to furnish. Acceptance of the Belgian compromise proposal clears up for the moment the dangers inherent in this conflict of positions.

A technical default is averted, but the plan, in the opinion of bankers, contains nothing that will render Germany more able to pay six months from now than she is to-day. The state of German finance is such that even the most strenuous undertaking of reconstruction and revision could not restore solvency in so short a time. Evidence of good will and the initiation of reforms as indicated by the Allies are considered to be the greatest contribution toward settlement that Germany can make. The more important impetus to decision, it is felt, will have to come from moderation of French demands and adjustments as between the Allies. Another conference, the fifteenth since the

armistice, is scheduled in November, and by that time it should be reasonably clear whether Europe is competent to meet the problems involved without major political and social changes. Meantime, the continued financial and economic deterioration will be acting as a forceful lever toward settlement. One other aspect of the situation compels attention. This is the chance, an outside possibility at best, that the debt funding negotiations between the United States and the Allies in the course of their progress may have influenced opinion here in a degree which will warrant American participation at this meeting or that the adjustments reached by the negotiators may have a vital bearing upon the European position. The foreign exchanges over the last week have moved irregularly as the day-to-day news from abroad has varied in tone. Net results of their fluctuations were inconsequential until the strength imparted by the delay given to Germany caused a slight appreciation above the closing levels of the preceding week.

The tightening of money at this center last week, with the consequent firming of rates, was seasonal and periodic. The approach of autumn always brings increased requirements for funds in other districts in connection with the crop movement, and this condition, directly or indirectly, is bound to be an influence here. How important this seasonal factor has been so far this year is conjectural, and any effort last week to arrive at a conclusion was made futile by the coincidence of preparations for the September 1 disbursements, momentarily determining influence in establishing open market quotations. The call loan rate at no time shaded 3% per cent and the charge ranged from that level up to 5 per cent. Time loans on Stock Exchange collateral were marked up at the finish a quarter of 1 per cent, and in the acceptance and commercial paper markets a slight stiffening was reported. Within another week the effect of the disbursements should have been dissipated, in the opinion of bankers and money brokers, and then it should be possible to measure more accurately the seasonal factor. A gradual increase in member bank borrowings at the Federal Reserve banks was the most significant item in the week's statements, indicative that this force was at work.

The Week in Retrospect
TUESDAY—Third Avenue Railway declares 3% per cent interest payment on income bonds.
WEDNESDAY—Strikes force Chicago & Alton into receivership.
THURSDAY—Interborough announces it will pay interest on notes.
FRIDAY—United States cotton crop estimate reduced 874,000 bales; conditions given as 57 per cent of normal.
SATURDAY—Anthracite coal strike settled.

Summary of Stock Exchange Dealings

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	Week before	Year ago	1922	1921	1920
Railroad stocks	3,630,000	1,165,300	377,300	38,976,300	32,379,100
Other stocks	1,930,000	4,023,300	1,976,400	131,768,000	115,479,700
All stocks	4,760,000	5,188,600	2,353,700	170,744,300	150,998,800

	Week before	Year ago	1922	1921	1920
U. S. government bonds	\$11,854,000	\$17,460,000	\$14,730,000	\$1,239,685,000	\$1,227,693,000
Other bonds	1,130,200	2,276,000	12,667,000	800,883,000	346,761,000
Railroad bonds	30,682,000	34,664,000	21,822,000	917,688,000	435,391,000
All bonds	61,856,000	74,800,000	49,319,000	2,957,953,000	2,009,835,000

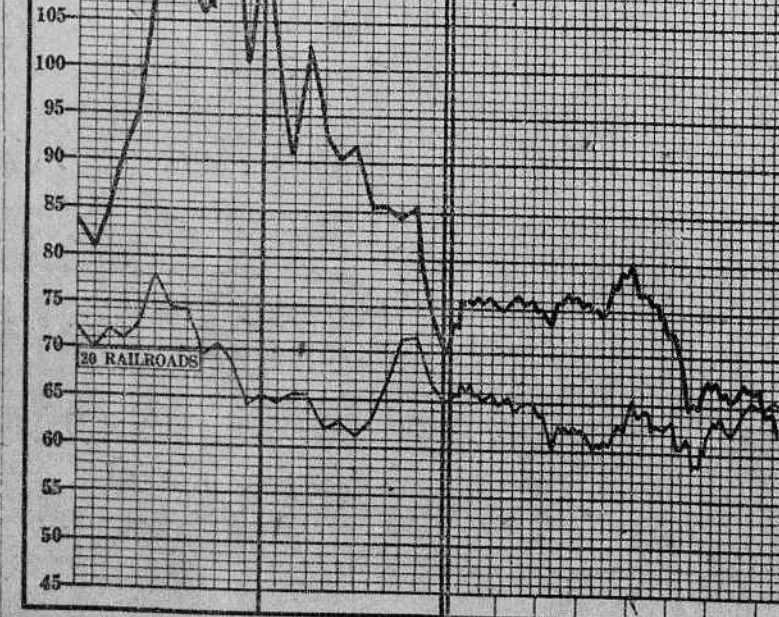
Record of Stock and Bond Averages

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	High	Low	Year ago	1922	1921	1920
20 Railroads	81.75	80.75	64.82	62.73	87.71	73.87
30 Industrials	81.75	80.75	64.82	62.73	87.71	73.87
50 Stocks	81.75	80.75	64.82	62.73	87.71	73.87

	High	Low	Year ago	1922	1921	1920
10 Railroads	88.60	88.05	75.36	74.48	88.70	80.88
10 Industrials	88.60	88.05	75.36	74.48	88.70	80.88
5 Utility bonds	93.00	92.60	75.28	74.65	90.40	80.65
25 Bonds	90.63	90.42	77.89	77.65	90.63	83.03

Price Trend of the New York Stock Market



The graph shows the fluctuations in the average price of twenty railroad stocks in one line and thirty industrial stocks in the other line from January 1, 1919. Fluctuations during 1919 and 1920 are revealed by months.

Transactions Last Week in Listed Stocks

1922.	Date.	Low	Div.	1922.	Date.	Low	Div.	1922.	Date.	Low	Div.								
81 1/2	Sept 1	48	Jan 13	Adams Express	6500	81 1/4	75 1/2	21 1/2	68 1/4	Aug 31	43	Feb 2	Cluett-Peabody	62 1/2	1 1/2				
83 1/2	Aug 18	10 1/2	Jan 19	Advantage Rumely	500	21 1/2	20 1/2	1 1/2	101	Aug 31	87 1/2	Jan 9	do pf	11 100/100	100 1/2	1 1/2			
82 1/2	Aug 18	31 1/2	Jan 10	do pf	300	58	57 1/2	58	1 1/4	74 1/2	Mar 28	41	Jan 10	Colorado Fuel & Iron	1500	105 1/2	101 1/2	4 1/2	
58 1/2	Aug 25	2 1/2	July 28	Ajax Rubber	6200	12 1/2	11 1/2	1 1/2	103 1/2	Aug 30	64 1/2	Jan 4	Columbia Gas & Elec	1800	105 1/2	101 1/2	4 1/2		
116	May 18	107	Jan 13	All America Cables	60	116	116	1 1/2	53 1/2	Aug 28	38	Jan 10	Col & S. Ind.	200	49 1/2	48 1/2	1 1/2		
7 1/2	May 10	1/4	Jan 14	Alaska Gold Mines	100	7 1/2	7 1/2	1 1/2	62	Sept 1	49	Jan 3	do pf	100	62 1/2	61 1/2	1 1/2		
2 1/2	May 10	7 1/2	Jan 4	Alaska Juneau	3700	1 1/2	1 1/2	1 1/2	5 1/2	June 6	1 1/4	Jan 24	do pf	500	14 1/2	14 1/2	1 1/2		
103 1/2	Sept 2	55 1/2	Jan 10	Allied Dye & Chem	44100	90 1/2	81 1/2	89 1/2	7 1/2	June 3	5	Feb 9	do pf	500	14 1/2	14 1/2	1 1/2		
113 1/2	Sept 2	101	Jan 3	do pf	1600	113 1/2	113 1/2	3 1/2	79 1/2	Apr 26	55 1/2	Jan 3	Com-Tab-Recording	17800	77 1/2	76 1/2	1 1/2		
59	Sept 1	37 1/4	Jan 4	Allis Chalmers	7100	59	57	58 1/2	3 1/2	Aug 31	24	18 1/2	Feb 10	Consolidated	5000	38 1/2	38 1/2	1 1/2	
100 1/2	Sept 1	8 1/2	Jan 5	do pf	100	100 1/2	100 1/2	1 1/2	78	Sept 1	47	Feb 11	do pf	100	78 1/2	78 1/2	1 1/2		
42 1/2	June 23	1/2	Jan 10	Amer Alkali	500	100 1/2	100 1/2	1 1/2	5 1/2	Aug 31	51	Jan 3	do pf	100	78 1/2	78 1/2	1 1/2		
71	Aug 21	95 1/4	Jan 18	do pf	1400	70 1/2	70	70	2 1/2	Mar 15	5 1/2	Feb 17	Consolidated	100	78 1/2	78 1/2	1 1/2		
49	June 9	31 1/4	Jan 3	Amer Beet Sugar	2000	48 1/2	46 1/2	47 1/2	1 1/4	140 1/2	Aug 28	85	Jan 27	Consolidated	73300	143 1/2	133 1/2	1 1/2	
79 1/2	Aug 11	31 1/4	Jan 31	Amer Bechm S & F.	400	39	38 1/2	39	1	119	Aug 31	115 1/2	Aug 31	Consolidated	73300	143 1/2	133 1/2	1 1/2	
109	Aug 28	68 1/4	Jan 18	Amer Brake S & F.	100	119	108 1/2	110	1 1/2	15 1/2	Aug 19	6	July 25	Consolidated	73300	143 1/2	133 1/2	1 1/2	
63 1/2	Sept 1	3 1/2	Jan 6	Amer Can	29400	63 1/2	59 1/4	62 1/2	1 1/2	118 1/2	Aug 30	100 1/2	Jan 11	do pf	100	118 1/2	118 1/2	1 1/2	
110 1/2	Sept 1	9 1/4	Jan 3	do pf	100	110 1/2	110	110	1 1/2	120 1/2	Aug 22	9 1/4	Jan 4	Corn Pro.	100	120 1/2	120 1/2	1 1/2	
30 1/2	Aug 22	11 1/2	Jan 10	Amer Car & Fdy.	400	187 1/2	182	186	1	120	Aug 31	11	Jan 10	do pf	100	120 1/2	120 1/2	1 1/2	
125	Aug 21	11 1/2	Jan 10	do pf	100	187 1/2	182	186	1	120	Aug 31	11	Jan 10	do pf	100	120 1/2	120 1/2	1 1/2	
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100	53 1/4	53 1/4	1 1/2
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30 1/2	Aug 21	11 1/2	Jan 10	Amer Chicpe pf.	100	29 1/2	29 1/2	29 1/2	3 1/2	53 1/4	June 7	31 1/4	Jan 10	2 1/2	Cooden	100			